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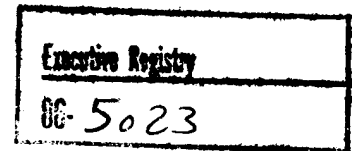
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The Director of Central Intelligence

Washington, D. C. 20505



29 October 1986

MEMORANDUM FOR: Secretary of State
Secretary of Defense
Assistant to the President
for National Security Affairs

SUBJECT: Soviet Arms Buildup in Nicaragua

[redacted] the Sandinistas are again hoping to receive Soviet MIG-21s from Cuba, and I understand that we are planning to make another demarche to the Soviets on this issue. Confining any demarche or other step to the question of advanced fighter aircraft to Nicaragua could obscure and even justify Soviet supply of military items of greater value to the ongoing Soviet effort to turn Nicaragua into another "Fortress Cuba." Helicopter gunships to chew up the resistance and air defenses to prevent resupply of the Contras are prime examples of this.

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Soviet Bloc military aid to Nicaragua in 1986 already exceeds that of any previous year, and the trend shows no sign of abating. So far, nearly 19,000 metric tons of military equipment have been delivered, over 90 per cent of which has been sent by the Soviets themselves. A major emphasis in the Soviet effort has been to upgrade the counterinsurgency capability of the Sandinistas. For example, they have more than doubled Managua's armed helicopter force this year by sending 23 MI-17s and six new MI-25s, the first since 1984.

Over the last several years, Soviet deliveries have included T-55 tanks and BTR-60 armored personnel carriers, BM-21 multiple rocket launchers, 152mm howitzers, and the MI-17 and MI-25 helicopter gunships. Furthermore, reports indicate that over the next year, the Soviets may provide additional sophisticated weaponry, such as SA-3 air defense missiles and ZSU-23-4 anti-aircraft artillery. Finally, Moscow is keeping the MIG-21 option open by completing Punta Huete airfield, retraining fighter pilots, and delivering new guidance radars.

Meanwhile, the task of the democratic resistance forces is becoming more difficult and costly as the Sandinistas employ their new weaponry. For example, the Sandinistas have put large blocking forces inside Honduras to threaten insurgent facilities and stop infiltration into Nicaragua. Insurgent efforts to expel the Sandinista units from Honduras

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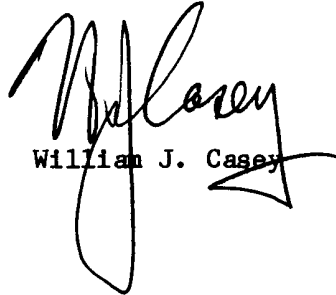
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over the past weekend have failed, primarily because Managua was willing to use its artillery and MI-17 helicopters to support beleaguered troops. As a result, the democratic resistance forces have been beaten back with relatively heavy losses. The Honduran military has been unwilling to enter the fray because of its fear of escalating the conflict. If this keeps up, the credibility of our commitments to Central American democracies will again be brought into question. The price we will have to pay to restore confidence will be high.

In sum, it is important that our concern over the possible introduction of MIG-21's not blind us to the disturbing implications of the general and ongoing Soviet military deliveries to Nicaragua. Any demarche you might make to Shevardnaze on this subject should, in my opinion, apply to this overall flood of military support. I am concerned that Moscow might "accommodate" us on MIG-21's, take credit for making a general concession, and continue to pour in the kind of weaponry and equipment that could be even more effective than MIG's in strengthening the Sandinistas' overall military posture.



William J. Casey

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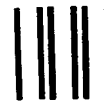
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